

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**JUNE 30, 2005**

The Members of the Department of Financial Institutions met at 2:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Attending the meeting from the Department were: Charles W. Phillips, Director; J. Philip Goddard, Deputy Director, Chief Counsel and Secretary; James M. Cooper, Deputy Director; Kirk J. Schreiber, Senior Bank Analyst; Gina R. Williams, Supervisor, Administration Division; Chuck T. Stumpf, Deputy Director, Administration Division; Mark Tarpey, Supervisor, Consumer Credit Division; Mark Powell, Supervisor, Credit Union Division; John Schroeder, Deputy Director Non-Depository Division and Associate Counsel and Ronda Bailey, Administrative Assistant. Guest representing MainSource Financial Group, Inc. were James Saner, Sr., President and CEO of MainSource Financial Group, Inc., Don Benzinger, Senior Vice President and CFO of MainSource Financial Group, Inc. and Karen Woods, Attorney for Bose McKinney & Evans LLP. Also attending was Michael R. Brown, Vice President of Executive Media.

**I. EXECUTIVE SESSION:**

Mark Tarpey opened the session that was authorized by IC §§ 5-14-1.5-6.1 (b)(2)(B), (b)(6)(A), and (b)(7) for purposes of discussing updated information on Household Finance examination results which is confidential as provided in IC § 28-1-2-30. **This item was for informational purposes only.**

**II. PUBLIC SESSION:**

- A.) Members Present: David Bochnowski, Chairman; David Baer, Vice Chairman, Michael Davis, Joseph Pierce, Paul Sweeney and Richard Rice.
- B.) Date of next meeting: July 14, 2005 @ 9:00 a.m., at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.
- C.) **DIVISION OF BANK AND TRUST COMPANIES:**

**1. MainSource Bank, Greensburg, Decatur County, Indiana**

Mr. Kirk Schreiber, Senior Bank Analyst presented the application. Mr. Schreiber introduced Jim Saner, Sr., President and CEO of MainSource Financial Group, Inc., Don Benzinger, Senior Vice President and CFO of MainSource Financial Group, Inc. and Karen Woods, Attorney for Bose McKinney & Evans LLP representing the applicant.

Mr. Schreiber informed the Members that MainSource Bank, Greensburg, Indiana filed an application with the Department for approval to merge with The Madison Bank and Trust Company ("Madison Bank"), Madison, Indiana. The two banks entered into an Agreement and Plan of Merger on March 10, 2005. MainSource Bank will survive the merger.

Immediately prior to the merger MainSource Financial Group, Inc., which is also headquartered in Greensburg, Indiana, will directly acquire Madison Bank. MainSource Bank is already wholly owned by MainSource Financial Group, Inc. As a result of the merger Madison Bank's main office and branches will become branches of MainSource Bank.

On a pro forma basis as of March 31, 2005, the resulting bank will have total assets of \$1.4 billion and an adequate tier one leverage capital ratio of 8.20%. The three year average return on assets for MainSource Bank is 1.56% and the three year average return on assets for Madison Bank is 0.21%. Based on the pro forma information submitted in the application, the resulting bank's investment in land and buildings represents 14.01% of sound capital. The investment in total fixed assets represents 14.24% of total capital after the merger.

MainSource Financial Group Inc. received a satisfactory BOPEC rating from the Federal Reserve Bank of Chicago as a result of their most recent bank holding company inspection as of December 6, 2004. Both MainSource Bank and Madison Bank received satisfactory CAMELS and CRA ratings at their most recent examinations.

With respect to management the directors and officers of MainSource Bank will be the directors and officers of the surviving corporation. The executive officers of Madison will be absorbed into the management team of MainSource Bank.

The Federal Deposit Insurance Corporation is expected to approve the merger application in early July 2005.

The staff therefore recommended approval of The Madison Bank and Trust Company to merge with and into MainSource Bank.

A motion for approval of the application was made by Mr. Baer and seconded by Mr. Pierce. **The application was unanimously approved.**

2. Review of the comparison of denovo banks. **This item was for informational purposes only.**

**D.) CONSUMER CREDIT DIVISION:**

1. Mr. Tarpey updated the Members on the status of the database requirement for small loan lenders. **This item was for informational purposes only.**

**E.) DIRECTOR'S COMMENTS AND ACTIONS:**

1. Chairman Bochnowski advised the Members that Indiana Senator Evan Bayh recognized the achievements of Director Charles W. Phillips on the floor of the United States Senate. The Senate Congressional Record on June 30, 2005 [Page S7810-S7811] contains the following statement:

**HONORING THE CAREER OF CHARLES W. PHILLIPS**

Mr. BAYH. Mr. President, I rise today to recognize the great achievements of Charles W. Phillips, director of the Indiana Department of Financial Institutions. After 16 years serving the citizens of our State, Charlie Phillips is entering into a well-deserved retirement. Over the years, he has contributed to the safety and soundness of Indiana's banking industry, and I am honored to have the opportunity to thank him for his leadership and commitment to the people of Indiana.

Charlie Phillips began his distinguished career in 1950 as an examiner with the Federal Deposit Insurance Corporation, FDIC, where he dedicated himself to banking and bank supervision. In 1958, Charlie Phillips moved to New Albany to work as president of Floyd County Bank. As a leader in his community for more than 25 years, he helped acquire land to establish the Indiana University Southeast campus in New Albany. For this achievement, Charlie Phillips was recognized with the Chancellor's Medallion for Distinguished Service.

In 1989, after a brief retirement, Charlie agreed to become the director of the Department of Financial Institution for Indiana. I am proud to have been able to appoint him to that post. During his tenure as director, he served three other Governors besides myself.

As director, Charlie Phillips was responsible for promoting the modernization of the Indiana Financial Institutions Act, which addressed corporate governance, interstate branching, and payday lending reform. His commitment to encouraging employees to pursue continued professional development is among one of his greatest accomplishments. As a result, one of his legacies will be a well-trained staff, important to the health of Indiana's banking system and economy.

The people of Indiana have benefited from Charlie's hard work and dedication. I am proud to have appointed him to a position that made use of his many talents and to be able to honor him today. I wish him all the best in his retirement.

2. Chairman Bochnowski on behalf of the Members and Department staff presented to Director Charles Phillips a certificate of appreciation for his sixteen years of outstanding public service to the Department.
3. Chairman Bochnowski presented to Director Charles Phillips the Sagamore of the Walbash on behalf of the late Governor Frank O'Bannon. Chairman Bochnowski acknowledged Mr. Phillips' sixteen years of loyal service as the Director of the Department and his commitment and dedication to the state system of financial services.
4. The Members of the Department appointed Acting Director, J. Philip Goddard, to sign delegation of authority for the Department. A motion was made by Joe Pierce and seconded by Mike Davis. **The motion was unanimously approved.**
5. Philip Goddard updated the Members on Litigation issues. **This item was for informational purposes only.**
6. **Mutual Savings Bank, Franklin, Johnson County, Indiana**  
The bank notified the Department that they closed the branch banking office that was known as the "**Indiana Masonic Home Branch**" located at 690 State Street, Franklin, Johnson County, Indiana. The branch office closed on April 14, 2005 @ 5:00 p.m. **This item was for informational purposes only.**
7. **Star Financial Bank, Fort Wayne, Allen County, Indiana**  
The bank notified the Department that they closed the branch banking office that was known as the "**West Branch**" located at 2912 Nichol Avenue, Anderson, Madison County, Indiana. The branch office closed on May 27, 2005 @ 5:00 p.m. **This item was for informational purposes only.**
8. **MainSource Bank, Greensburg, Decatur County, Indiana**  
The bank notified the Department that they closed the branch banking office that was known as the "**Worthington Branch**" located at 319 Canal Street, Worthington, Greene County, Indiana. The branch office closed on June 1, 2005 @ 5:00 p.m. **This item was for informational purposes only.**

**F.) DIRECTOR'S DELEGATED ACTIONS:**

1. **BANK OF GENEVA, GENEVA, ADAMS COUNTY, INDIANA**  
The bank has applied to the Department for approval to establish a branch office to be located at **1451 North Meridian Street, Portland, Jay County, Indiana**. The application was received on March 14, 2005. The branch is to be known as the "**Portland Branch**." The proposed branch is a 1,008 square foot existing office building. The applicant purchased two parcels of property from an independent third party. The first parcel was purchased five years ago for \$176M and the other parcel was purchased

last year for \$175M. It is estimated that renovation costs will be \$238M to the building. Furniture, fixtures, and equipment costs are projected at \$125M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 1.35%. As of December 31, 2004, the bank's ROA was 1.05% and its Tier 1 leverage capital ratio was 10.55%. The investment in total fixed assets to total capital will increase from 9.17% to 11.74% after the establishment of the branch. This will be the institution's fourth branch. **The Director approved this on April 20, 2005, under delegated authority.**

**2. STAR FINANCIAL BANK, FORT WAYNE, ALLEN COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **13318 Olio Road, Noblesville, Hamilton County, Indiana**. The application was received on February 10, 2005. The branch is to be known as **Star Financial Bank**. The proposed branch is a 3,200 square foot, one story, newly constructed branch banking facility. The applicant purchased a vacant lot on October 15, 2004, from an independent third party for \$476M. The estimated costs for constructing the branch are \$750M. Furniture, fixtures, and equipment costs are projected at \$150M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 0.98%. As of December 31, 2004, the bank's ROA was 0.85% and its Tier 1 leverage capital ratio was 9.27%. The investment in total fixed assets to total capital will increase from 19.88% to 21.69% after the establishment of this branch and the two other proposed Star Financial Bank branches described below. This will be the institution's forty-second branch. **The Director approved this on April 20, 2005, under delegated authority.**

**3. STAR FINANCIAL BANK, FORT WAYNE, ALLEN COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **7400 Fishers Station, Fishers, Hamilton County, Indiana**. The application was received on March 2, 2005. The branch is to be known as **Star Financial Bank**. The proposed branch is a 2,700 square foot, one story, newly constructed branch banking facility. The applicant purchased a vacant lot on December 29, 2004, from an independent third party for \$613M. The estimated costs for constructing the branch are \$650M. Furniture, fixtures, and equipment costs are projected at \$150M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 0.98%. As of December 31, 2004, the bank's ROA was 0.85% and its Tier 1 leverage capital ratio was 9.27%. The investment in total fixed assets to total capital will increase from 19.88% to 21.69% after the establishment of this branch and the two other proposed Star Financial Bank branches described above and below. This will be the institution's forty-third branch. **The Director approved this on April 20, 2005, under delegated authority.**

**4. STAR FINANCIAL BANK, FORT WAYNE, ALLEN COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **8706 East 96<sup>th</sup> Street, Fishers, Hamilton County, Indiana**. The application was received on March 2, 2005. The branch is to be known as **Star Financial Bank**. The proposed branch is a 2,700 square foot, one story, newly constructed branch banking

facility. The applicant purchased a vacant lot on October 7, 2004, from an independent third party for \$713M. The estimated costs for constructing the branch are \$650M. Furniture, fixtures, and equipment costs are projected at \$150M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 0.98%. As of December 31, 2004, the bank's ROA was 0.85% and its Tier 1 leverage capital ratio was 9.27%. The investment in total fixed assets to total capital will increase from 19.88% to 21.69% after the establishment of this branch and the two other proposed Star Financial Bank branches described above. This will be the institution's forty-fourth branch. **The Director approved this on April 20, 2005, under delegated authority.**

**5. THE NEW WASHINGTON STATE BANK, NEW WASHINGTON, CLARK COUNTY, INDIANA**

The bank has entered into a purchase and assumption agreement dated March 3, 2005, with Springs Valley Bank and Trust Company, French Lick, Indiana. The agreement allows The New Washington State Bank to purchase certain assets and assume certain liabilities associated with Spring Valley Bank and trust Company's branch located at 614 East Water Street, Borden, Clark County, Indiana. The bank will purchase \$90M in fixed assets, \$5,063M in cash on hand and will assume approximately \$5,525M in deposits. The deposit premium paid will be 6.50%, or approximately \$360M. The proposed branch will be closed immediately upon consummation of the purchase and assumption agreement. The proposed branch is less than a mile from applicant's existing Borden branch location. The application was received on March 29, 2005. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank's three-year average ROA is 1.58%. As of December 31, 2004, the tier 1 leverage capital ratio is 8.05%. Pro forma tier 1 leverage capital at consummation of the transaction will be 7.10%. The investment in total fixed assets to total capital will increase from 24.67% as of December 31, 2004, to 25.17%. **The Director approved this on April 20, 2005, under delegated authority.**

**6. AMERIANA BANK & TRUST, NEW CASTLE, HENRY COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend of \$650,000 to its holding company, Ameriana Bancorp, New Castle, Indiana. The dividend will be upstreamed to the parent holding company for its regular second quarter dividend and for other holding company expenses. As of December 31, 2004, the bank's Tier I leverage capital ratio is 8.53%. Proforma Tier 1 leverage to total estimated assets is approximately 8.36% after the payment of the dividend. **The Director approved this on April 20, 2005, under delegated authority.**

**7. BANK OF EVANSVILLE, EVANSVILLE, VANDERBURGH COUNTY, INDIANA**

The Bank of Evansville converted from a national association to a state chartered commercial bank through a merger with an interim bank approved by the Department on

August 12, 2004. Pursuant to the approval conditions by the Department, the Director must give prior approval to any changes in the officers or directors of the bank in the first

three years after consummation of the transaction. The transaction was consummated September 14, 2004. The Bank of Evansville has requested approval of Dr. Barney R. Maynard as Chairman of the Board of Directors of the bank. Mr. Albert J. Umbach, Jr. has decided not to stand for re-election as Chairman of the Board of Directors of the bank. Dr. Maynard was a founding director of the bank and currently serves as a Board of Director of the holding company, American Community Bancorp, Inc., and the bank. Based on a review of all the information submitted on Dr. Maynard, no unfavorable responses were noted during the investigation. **This was approved by action taken by the Director on April 21, 2005.**

**8. BANK OF EVANSVILLE, EVANSVILLE, VANDERBURGH COUNTY, INDIANA**

The Bank of Evansville has also requested approval for a deviation to its submitted business plan. Pursuant to the approval conditions by the Department, the Director must give prior written approval to any material changes or deviations from the submitted business plan during the first three years of operation after consummation of the transaction. The bank's holding company, American Community Bancorp, Inc., executed a letter of intent to issue and sell \$5,000,000 in American Community Bancorp, Inc. trust preferred securities. The transaction is expected to close on May 15, 2005. The holding company plans to use \$4,550,000 of the proceeds to provide additional capital to the bank. The issuance of trust preferred securities was originally planned for fourth quarter 2005, and therefore, is a departure from the business plan with respect to the timing of the issuance of trust preferred securities to provide additional capital to the bank. Based on a review of all the information submitted, the deviation to the business plan is only the difference of moving up the issuance of trust preferred securities from 4<sup>th</sup> quarter 2005 to second quarter 2005. **This was approved by action taken by the Director on April 21, 2005.**

**9. COMMUNITY BANK, NOBLESVILLE, HAMILTON COUNTY, INDIANA**

The bank applied to the Department for approval to relocate a branch office from **2370 East Conner Street, Noblesville, Hamilton County, Indiana** to **400 Noble Creek Drive, Noblesville, Hamilton County, Indiana**. The application was received on May 10, 2005. The branch is to be known as **Noble Creek Plaza Branch**. The bank proposes to build a 3,700 square foot new modern facility. The estimated cost for constructing the new branch is \$425M. Furniture, fixtures, and equipment costs are projected at \$170M. No relationship exists between the parties involved in this transaction. The bank will vacate its current lease agreement which terminates in 2006. The expected date to relocate is August 1, 2005. The bank's three-year average ROA is 1.76%. As of March 31, 2005, the bank's ROA was 2.01% and its Tier 1 leverage capital ratio was 12.09%. The investment in total fixed assets to total capital will increase from 12.15% to 14.33% after the branch relocation. The bank will have ten branches after the relocation. **The Director approved this on May 18, 2005, under delegated authority.**

**10. THE MERCHANTS BANK & TRUST COMPANY, WEST HARRISON, DEARBORN COUNTY, INDIANA**

The bank applied to the Department for approval to establish a branch office to be located at **3442 Edwards Road, Cincinnati, Hamilton County, Ohio**. The application was received on May 5, 2005. The branch is to be known as the **Hyde Park Branch**. The bank is leasing the space from an independent third party with an annual rental of \$70,200. The term of the lease is for five years with three five-year option. It is estimated that there will be \$653,000 worth of leasehold improvements to make the site into a banking facility. Furniture, fixtures, and equipment costs are projected at \$35,000. No relationship exists between parties involved in this transaction. The bank's three-year average ROA is 1.11%. As of March 31, 2005, the bank's ROA is 1.00% and its Tier 1 leverage capital ratio is 9.20%. The investment in total fixed assets to total capital will be 15.75% after the establishment of the branch. This will be the institution's fourth branch. **The Director approved this on May 18, 2005, under delegated authority.**

**11. THE FRIENDSHIP STATE BANK, FRIENDSHIP, RIPLEY COUNTY, INDIANA**

The bank applied to the Department for approval to establish a branch office to be located at **221 West Main Street, Vevay, Switzerland County, Indiana**. The application was received on April 29, 2005. The branch is to be known as the **Vevay Branch**. The bank intends to construct a 1,800 square foot branch banking facility. The construction costs of the building is projected at \$350,000. Furniture, fixtures, and equipment costs are projected at \$150,000. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 1.27%. As of March 31, 2005, the bank's ROA is 1.17% and its Tier 1 leverage capital ratio is 7.75%. The investment in total fixed assets to total capital will be 35.28% after the establishment of this branch. This will be the institution's fifth branch. **The Director approved this on May 18, 2005, under delegated authority.**

**12. FIRST TENNESSEE BANK NATIONAL ASSOCIATION. MEMPHIS, SHELBY COUNTY, TENNESSEE**

An application for issuance of a certificate of admission was received from First Tennessee Bank National Association, Memphis, Shelby County, Tennessee ("First Tennessee"). First Tennessee filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-2-18 and IC 28-1-22. The bank intends to conduct banking activity through a branch in Indianapolis, Indiana. First Tennessee is a nationally chartered bank. CT Corporation System, 251 East Ohio Street, Suite 1100, Indianapolis, Marion County, Indiana has been appointed as resident agent for service of legal process by First Tennessee. **A Certificate of Admission was approved by the Director on May 18, 2005, under delegated authority.**

**13. FARMERS STATE BANK OF ALTO PASS, ILLINOIS. HARRISBURG, SALINE COUNTY, ILLINOIS**

An application for issuance of a certificate of admission was received from Farmers State



Bank of Alto Pass, Illinois, Harrisburg, Saline County, Illinois ("Farmers State Bank"). Farmers State Bank filed the application to enable it to transact business in Indiana in

accordance with the provisions of IC 28-2-18 and IC 28-1-22. The bank intends to conduct banking activity through a branch in Evansville, Indiana. Farmers State Bank is an Illinois state chartered bank. Stephan E. Weitzel, 20 N.W. First Street, Evansville, Vanderburgh County, Indiana has been appointed as resident agent for service of legal process by Farmers State Bank. **A Certificate of Admission was approved by the Director on May 18, 2005, under delegated authority.**

**14. THE ELBERFELD STATE BANK, ELBERFELD, WARRICK COUNTY, INDIANA**

The bank is requesting an extension until October 31, 2005, to consummate the holding company formation transaction. The Plan of Exchange application between The Elberfeld State Bank and ESB Bancorp, Inc., Elberfeld, Indiana was approved by Action Taken by the Director on June 2, 2004. The approval of the Plan of Exchange was conditioned upon:

1. The bank receive approval from the Federal Reserve Bank of St. Louis, and
2. The Plan of exchange is consummated within one year from the date of approval unless an extension of time is granted by the Director of the Department.

The Federal Reserve Bank of St. Louis has not yet approved the holding company formation. However, the Federal Reserve Bank of St. Louis is expected to approve the application. The bank is requesting an additional 4 months to consummate the transaction. It is recommended the bank be granted an extension to consummate the Holding Company formation transaction until October 31, 2005. Should the bank not be able to consummate the transaction within this time frame, another request to the Director for additional time will be required. **The Director approved this on May 23, 2005, under delegated authority.**

**15. INDIANA BUSINESS BANK, INDIANAPOLIS, MARION COUNTY, INDIANA**

Indiana Business Bank has requested approval of the Director for permission to add a new director to the bank's board of directors. Indiana Business Bank was approved as a state chartered commercial bank by the Department on September 9, 2004, and opened for business on November 17, 2004. Pursuant to the approval conditions by the Department, the Director must give prior approval to any changes in the officers or directors of the bank in the first three years of operation. Indiana Business Bank has requested adding Ms. Meghan P. Otis as director of the bank. Based on a review of all the information submitted on Ms. Otis, no unfavorable responses were noted during the investigation. **This was approved by action taken by the Director on June 15, 2005.**

**16. MUTUAL SAVINGS BANK, FRANKLIN, JOHNSON COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **5650 South Franklin Road, Indianapolis, Marion County, Indiana**. The

application was received on May 23, 2005. The branch is to be known as **Franklin Central Branch**. The proposed branch is a 3,450 square foot, one story, newly constructed branch banking facility. The applicant has purchased a vacant lot from an independent third party for \$417,500. The estimated cost for constructing the branch is \$800M. Furniture, fixtures, and equipment costs are projected at \$200M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 0.56%. As of March 31, 2005, the bank's ROA was 0.21% and its Tier 1 leverage capital ratio was 12.72%. The investment in total fixed assets to total capital will increase from 12.99% to 21.71% after the establishment of this branch. This will be the institution's fifth branch. **The Director approved this on June 15, 2005, under delegated authority.**

**17. SAND RIDGE BANK, HIGHLAND, LAKE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **1005 West State Street, Hastings, Barry County, Michigan**. The application was received on May 27, 2005. The branch is to be known as **Sand Ridge Bank**. The proposed branch is a 1,000 square foot, one story, newly constructed branch banking facility. The applicant already owns the proposed site. The estimated cost for constructing the branch is \$399M. Furniture, fixtures, and equipment costs are projected at \$111M. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 1.40%. As of March 31, 2005, the bank's ROA was 1.24% and its Tier 1 leverage capital ratio was 7.09%. The investment in total fixed assets to total capital will increase from 19.10% to 19.85% after the establishment of this branch. This will be the institution's nineteenth branch. **The Director approved this on June 15, 2005, under delegated authority.**

**18. FIRST FARMERS BANK AND TRUST COMPANY, CONVERSE, MIAMI COUNTY, INDIANA**

The bank has applied to the Department for approval to relocate a branch office from **322 South Main, Sheridan, Boone County, Indiana** to **2400 West State Road 38, Sheridan, Boone County, Indiana**. The application was received on June 2, 2005. The branch is to be known as **Sheridan Branch**. The bank proposes to build a 4,500 square foot new modern facility. The bank purchased the land from an independent third party for \$236M. The estimated cost for constructing the new branch is \$544M. Furniture, fixtures, and equipment costs are projected at \$132M. No relationship exists between the parties involved in this transaction. The bank already has a purchase agreement in place for the current branch location. The expected date to relocate is February 1, 2006. The bank's three-year average ROA is 1.46%. As of March 31, 2005, the bank's ROA was 1.37% and its Tier 1 leverage capital ratio was 10.12%. The investment in total fixed assets to total capital will increase from 22.87% to 24.79% after the branch relocation. The bank will have twelve branches after the relocation. **The Director approved this on June 15, 2005, under delegated authority.**

**19. HOMEFEDERAL BANK, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend of \$8,200,000 to its holding company, Home Federal Bancorp, Columbus, Indiana. The dividend will be upstreamed to the parent holding company for: 1) Annual dividends paid to shareholders of Home Federal Bancorp in the estimated amount of \$3,000,000; 2) Annual legal and accounting fees in the estimated amount of \$525,000; 3) Annual interest due on holding company debt in the estimated amount of \$675,000; 4) Stock repurchases in the estimated amount of \$2,000,000; and 5) Additional cash for future needs of \$2,000,000. As of March 31, 2005, the bank's Tier I leverage capital ratio is 9.72%. Proforma Tier 1 leverage to total estimated assets is approximately 8.77% after the payment of the dividend. **The Director approved this on June 15, 2005, under delegated authority.**

**20. TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Prime Table Restaurant – Niles, MI – 45 members (common bond of occupation as defined by 28-7-1-10).

Selge Construction Company, Inc. – Niles, MI – 54 members (common bond of occupation as defined by 28-7-1-10).

TG Properties, LLC – Niles, MI – 2 members (common bond of occupation as defined by 28-7-1-10). **The Director approved the on April 25, 2005, under delegated authority.**

**21. FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Trade Mark Roofing – Avon – 5 members (common bond of occupation as defined by 28-7-1-10).

Ertl Enterprises, Inc. – Lapel – 8 members (common bond of occupation as defined by 28-7-1-10).

Little B's Towing – Indianapolis – 6 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on April 29, 2005, under delegated authority.**

**22. FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Professional Staff Management, Inc. – Carmel – 2,800 members (common bond of occupation as defined by 28-7-1-10).

Himes Service Center, Inc. – Fishers – 20 members (common bond of occupation as defined by 28-7-1-10).

Browns Garage – Indianapolis – 5 members (common bond of occupation as defined by 28-7-1-10).

Meridian Woods Baptist Church – Indianapolis – 85 members (common bond of church membership as defined by 28-7-1-10). **The Director approved this on June 6, 2005, under delegated authority.**

**23. Check Advance Of Indiana, LLC /d/b/a Payday USA** requested a consumer loan license. Applicant is based in Cleveland, Indiana. They will be making single-pay, short-term, payday type loans. They will be servicing their loans. They currently operate in four states. Brian Scoggins, COO, came to the DFI for a small loan license interview on April 20, 2005. Deputy Director John Schroeder, Division Supervisor Mark B. Tarpey, and Field Supervisor Rick A. Bane represented the Department. Mr. Scoggins has been associated with the payday loan industry through management/ownership of state licensed limited liability companies for each state operating in Tennessee, Kentucky, Alabama, and Virginia. Mr. Scoggins' companies currently have 45 locations in these other States. Background checks did not reveal any problems with Tennessee regulators, as documented by Mr. Stephen Henley, Director of Licensing. Mr. Scoggins was well versed regarding the payday lending industry and statutory requirements, and asked numerous questions pertinent to compliance and acceptable practices. He indicated previous experience has shown it best to comply with statutes rather than trying to find loopholes. Supervisor Tarpey reviewed several payday-lending issues. The main points emphasized were the cycle of debt, income requirements to qualify for the loan, and collection practices. The staff's review finds that the financial responsibility, character and fitness of the applicant and members of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**

**24. Consumer Mortgage Services Incorporated** requested a consumer loan license. Applicant is based in West Chester, Pennsylvania. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in fourteen states. The staff's review finds that the financial

responsibility, character and fitness of the applicant and of the officers and directors are such as to warrant belief that the business will be operated honestly and fairly within the

purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**

25. **Harbourton Mortgage Investment Corporation** requested a consumer loan license. Applicant is based in Santa Rosa, California. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in thirty-four states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**
26. **Heartwell Mortgage Corporation** requested a consumer loan license. Applicant is based in Grand Rapids, Michigan. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in five states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**
27. **Kensica MortgageBanc, Inc.** requested a consumer loan license. Applicant is based in Matteson, Illinois. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in four states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**
28. **ResMae Mortgage Corporation** requested a consumer loan license. Applicant is based in Brea, California. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by a title company. They currently operate in twenty-nine states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**
29. **Trustcorp Mortgage Company** requested a consumer loan license. Applicant is based in South Bend, Indiana. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by a title company. They currently operate in twenty-one states. Applicant is a wholly owned subsidiary of First Source Corporation.

The staff's review finds that the financial responsibility, character and fitness of the applicant and of the members are such as to warrant belief that the business will be

operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**

30. **USA Funding Corp. of Wisconsin d/b/a USA Funding Corp.** requested a consumer loan license. Applicant is based in Brookfield, Wisconsin. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in twenty-four states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and

directors are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**

31. **U. S. A. Mortgage Funding Inc.** requested a consumer loan license. Applicant is based in Lexington, Kentucky. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in Kentucky and Tennessee. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **The Director approved this on May 13, 2005, under delegated authority.**

32. **D-K Checking, LLC** requested a check casher license. Applicant is based in Edinburgh, Indiana within a liquor store owned, by the same management. They will be cashing government, insurance and payroll but no personal checks. References were all satisfactory. Fee will be 1.5% to 3%. The staff's investigation finds that the financial responsibility, business experience, character, and general fitness of the applicant and of the members are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 28-8-5-12(a). **The Director approved this on May 13, 2005, under delegated authority.**

33. **Express Autogap** requested approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Irvine, California. There is a thirty day free-look period. Maximum cost to the customer is \$420.00. There is a pro rata refund upon prepayment in full. Customer deductible is covered up to \$1,000. Customer will finance at least 80% of MSRP for a new vehicle and NADA average retail value for a used auto. There is a contractual liability policy issued by Great American Insurance. The initial dealer requesting approval is Bud Wolf Chevrolet. All future creditors/dealers will agree to abide by the same terms as those approved. The staff's review finds that the charge would be of benefit to the consumer and is reasonable in relation to the benefits as provided for under IC 24-4.5-2-202(1)(c)/3-202(1)(e). Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program

be approved as submitted and subject to the above conditions. **The Director approved this on May 13, 2005, under delegated authority.**

**CERTIFICATION:**

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the Public Session.

**APPROVED:**

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**David A. Bochnowski, Chairman**

**ATTEST:**

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**J. Philip Goddard, Secretary**